

Assembly Hearing Slip

(Please print plainly)

Date: 1-20-99

Bill No. AB 50

Or

Subject _____

JAMES LANGDON

(Name)

201 WEST WASHINGTON

(Street Address or Route Number)

MADISON WI 53701

(City & Zip Code)

WI-EDA

(Representing)

Speaking *in favor*: ☒

Speaking *against*: ☐

Registering *in favor*: ☐

Registering *against*: ☐

Speaking for *information only*;
Neither for nor against: ☐

Please return this slip to a messenger promptly.

Assembly Sergeant at Arms
Room 411 West
State Capitol
Madison, WI 53702

AB 50 51



Agribusiness Guarantee

What is Agribusiness?

The Agribusiness Guarantee helps small businesses develop new products using Wisconsin's raw commodities.

Does my business qualify for Agribusiness?

It probably does if it is located in a community with a population under 50,000, purchases a substantial percentage of its raw agricultural commodities from Wisconsin suppliers, and;

- ① Develops a new product, method of processing, market, or improved marketing method for a Wisconsin product, or;
- ② Produces a specialty cheese product that is new to the business, or;
- ③ Commercially harvests whitefish in Lake Superior.

How much guarantee is available?

Your maximum guarantee is 80% on loans up to \$750,000.

How can I use an Agribusiness Guarantee?

Agribusiness can be used for equipment, land, buildings, permanent working capital, inventory and initial product marketing expenses.

Interested in growing your operation?
Then pick up the phone!

Before beginning your project, contact your lender or call WHEDA at:

1-800-334-6873

TTY/TDD

Teletypewriter/Telecommunication Device
for the Deaf: 1-800-943-9430



Wisconsin Housing and Economic Development Authority

201 West Washington Avenue
Madison, Wisconsin
53703
(608) 266-7884

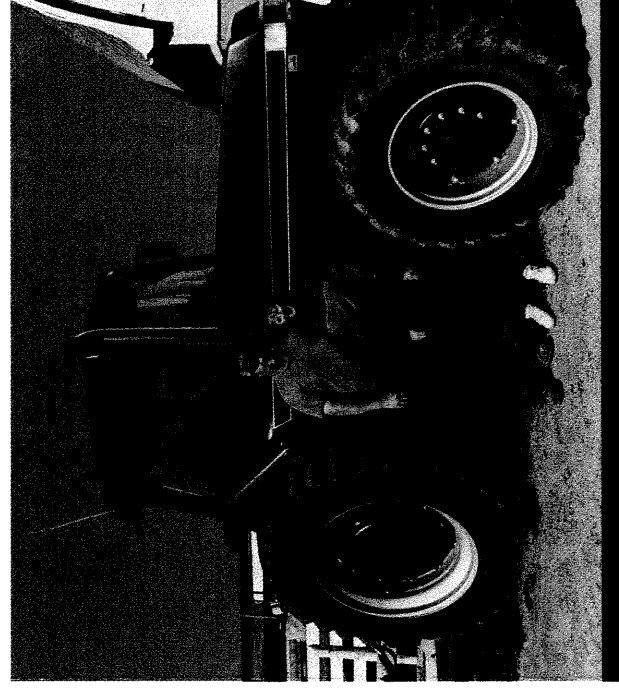
WHEDA Milwaukee

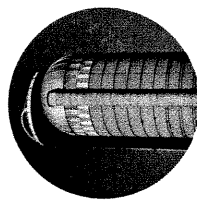
101 West Pleasant Street
Milwaukee, Wisconsin
53212-3962
(414) 227-4039

World Wide Web

wheda.com

PRESERVING A PROUD TRADITION





CROP: Your production financing resource.

What does CROP offer me?

CROP features 90% guarantees on loans of up to \$20,000 made by local lenders. Interest rates are competitive, and payment is not due until March 31 of the following year.

Do I qualify for CROP?

You probably do if you can answer "yes" to three questions:

- ① Are you unable to get conventional financing at the lender's standard interest rate?
- ② Is your debt-to-asset ratio 40% or greater?
- ③ Do you meet your lender's prudent underwriting standards?

How can I use CROP?

CROP can be used for feed, seed, fertilizer, pesticides, land rent, custom hire, animal feed, UCC filing fees, crop insurance, feeder animals, tillage services, equipment rental or repair, or utilities for commodity production.

You cannot use CROP for property taxes, farm house utilities, existing loans, capital improvements, CROP loan interest, accounting services, or revolving lines of credit.

FARM: Is your operation ready for the 21st Century?

Is FARM for me?

FARM is for the producer who wants to expand or modernize an existing operation. You qualify if your debt-to-asset ratio is 85% or less (including your FARM loan and newly acquired assets), and you meet your lender's underwriting standards.

What does FARM offer me?

FARM gives you access to credit by guaranteeing a loan made by your local lender. The maximum loan guarantee is the lesser of your net worth, 25% of the loan amount, or \$100,000.

Your loan term can be up to ten years for facilities/land acquisition, or up to five years for agricultural asset purchases or facilities/land improvements. FARM can be used with other loan programs.

How can I use FARM?

You can purchase agricultural assets including machinery, equipment, facilities, land, and livestock. You can also make improvements to farm facilities and land for agricultural purposes.

FARM cannot be used for a farm residence, existing loans, maintenance, or other working capital needs that are eligible under CROP.

Beginning Farmer Bonds: Isn't it time for your own operation?

How can I use a Beginning Farmer Bond?

Use a Beginning Farmer Bond to purchase your first farm including land, equipment, livestock, or buildings.

Do I qualify for a Beginning Farmer Bond?

You probably do if your net worth is less than \$250,000, the farm will be your primary livelihood, and you have adequate training and experience in the type of farming for which the loan will be used.

If you previously owned farmland, you may still qualify. Check with WHEDA or your lender for details.

What are the terms?

Your interest rate will be below prevailing market rates. Your maximum loan is \$250,000. Loan terms and credit decisions are negotiated between you and your lender, and approved by WHEDA. Beginner Farmer Bonds can be used with other loan programs.

Can I purchase assets from a family member?

Yes. The law has been changed to allow Beginning Farmer Bonds to be used for transactions between related persons.

Representative Al Ott FAX (608) 282-3603

FOR PUBLIC RECORD

December 11, 1998

Dear Chairman Ott and Assembly Agriculture Committee Members,

As a Wisconsin pork producer, I appreciate your concern about the lowest hog prices that pork producers have received in over 30 years. Presently, pork producers are losing between \$50 and \$75 per hog.

Those of us that survive this crisis will have lost a tremendous amount of equity. It may take several years to regain the losses we are presently incurring.

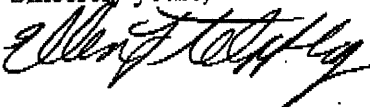
I request that this Committee do everything in their power to provide relief, assistance and information to pork producers regarding an equitable return on our investment.

The following items may assist us in addressing this issue together:

- Lobby for market price disaster assistance similar to the current loan deficiency payment program or agriculture market transition payments that are received by grain and milk producers.
- Provide low interest loans or loan guarantees for pork producers.
- Work with Agriculture committees in the Midwest to better address the packer control issue on a regional basis.
- Develop a price reporting system that allows producers to gain access to current packer prices and agreements.

Agriculture continues to be the number one economic driver for Wisconsin. Your support is crucial to the infrastructure of Wisconsin's pork industry. Thank you for your time in this matter.

Sincerely yours,


Ellen Stelpflug
8581 Cty Hwy A
Bloomington, WI 53804
(608) 994-2441

I farrow 96 sows and produce about 1200 fat hogs a year. My husband works off the farm and brings home only \$127.00 a week which is not enough for us to live on; especially since I lose money on every hog I sell, and have to borrow money to pay for these losses.

My suggestion is that the packers discontinue their contract buying from factory farms and buy from the small family farmer. However, the best solution to this problem is that the family hog farmer establish a COOP wherein they supply the fat hogs, slaughter & process and sell to the retail outlets in competition with the present packer system. The COOP should be in a position to hold product in freezer if necessary.

Assembly Agriculture Committee's Hearing
"Wisconsin Hog Industry"
December 17, 1998

Michael A. Myers,
Vice President of Agricultural Lending
First National Bank of Platteville

-Vice Chair of Wisconsin Banker's Association Agricultural section
-Agricultural Lender since 1971
-Member of Agricultural advisory committees for both University of Wisconsin-Platteville
and Southwest Wisconsin Technical College

- Mr. Thompson and other speakers have stated this morning, the Wisconsin Pork Industry , as we know it with smaller family farms, is no longer able to exist. They simply do not have the ability to cash flow at a sufficient level to provide the necessary debt service that is required.
- This economic crisis is real. Many millions of dollars have been lost so far and losses will continue in the near future. Family farm units will not survive this crisis, forcing liquidations to take place, creating even more difficult times.
- My concern, as a Lender, is that the industry must be given as much flexibility as possible to work with our producers. FmHA guarantees will have to be utilized; perhaps reduce principal payment requirements or possibly go as far as an interest only situation for a short time period. I have producers who have utilized risk management techniques, packer contracts, and hedges; but this price plunge has far exceeded anyone's expectations. For those producers who have no risk protection, losses have been in excess of \$50.00 per head. I also have a great deal of concern for the agricultural related businesses in our area.
- My suggestion to this committee is that some consideration be given to making use of our WHEDA programs specifically designed for the pork producer. There is an excellent crop program available and has been used quite successfully, I believe.

The Honorable Tommy Thompson
115 East, State Capitol
Madison, WI 53702

Post-it® Fax Note 7671		Date 1-6-99	# of pages 2
To Rep. CTT	From Kura		
Co./Dupli	Co. WPPA		
Phone #	Phone # 608 723 7551		
Fax # 608 282 3603	Fax # 608 723 7553		

December 22, 1998

Dear Governor Thompson:

Wisconsin's pork industry is undergoing a market crisis. Your support is crucial to the survival of Wisconsin's pork producers. Producers are losing between \$60 and \$75 per animal at current market prices. As you are aware, the Wisconsin Assembly Committee on Agriculture conducted a hearing on December 17 to address the issue.

Yesterday, the Wisconsin Pork Producers Association hosted a meeting of several Wisconsin agriculture organizations to address the crisis and proposed financial relief mechanisms. Organizations represented at the December 21 meeting included Wisconsin Pork Producers, Wisconsin Farm Bureau, National Farmers Organization, Wisconsin Farmers Union, Equity Livestock Sales Marketing Association Cooperative, Wisconsin Cattlemen's Association and Wisconsin Agribusiness Council.

The group agreed that the following items might provide Wisconsin pork producers with relief to the current market situation:

1. Request emergency assistance for Wisconsin's pork producers in the form of disaster assistance payments, loan guarantees and agency grants.
2. Request a waiver of penalty and interest from late payment of 1997 property tax bills.
3. Improve the flexibility of loan programs offered through state agencies.
4. Consider a charitable or humanitarian contribution including pork, dairy and beef products.
5. Eliminate use value property tax phase-in and implement use value property tax immediately.
6. Introduce income averaging for small businesses.

We are also enclosing a letter sent to Secretary Glickman regarding our requests on the federal level. Your immediate attention and support of our recommendations to this matter is vital to the survival of Wisconsin's pork industry. Thank you in advance for your prompt consideration and action.

Sincerely yours,

Mark Beisbier, President
Wisconsin Pork Producers Association

Cc: Chairman Ott and Secretary Brancel

TO	DATE	TIME	AM. <input type="checkbox"/>	PM. <input type="checkbox"/>
FROM	Dr. X Mueller 1-608-676-5990			
PHONE	EXT. none → 4565			
FAX #	(Activities) → farm credit →			
MESSAGE	patience			
Whipig - has 30 farmers - part contractors				
150,000 (US) (1/8 of wt. production)				
WANTS TO SEE YOU				
URGENT				

Fed - Farm Credit - have that
 Services
 Minn., Iowa, Ill. - they have
 program -
 was by farmers @ per this
 wants to pay off \$500,000
 gave \$100,000 - & heard
 \$100,000.

farrowing farmers in 1608356-4903
 Bruce Thompson
 Carribeau
 Carl Nelson agent
 17 farrow
 \$3 mil on now
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 FCS
 3 mil. loan
 3 mil. calling
 part 15-98
 for 2- pay
 paid P 100
 paid 50,000
 Carl Nelson
 credit 1000
 1000-236-2030

*File
Key*

Facsimile Cover Sheet

*C/O - Bruce Thompson
FCS*

To: Linda
Company: Rep. Al Ott
Phone:
Fax: 608-282-3696

From: Jim Kempen
Company: Kempen Swine Enterprises
Phone: 920/795-4087
Fax: 920-795-4236

Date: 1/ 5/99 12:35pm

**Pages including this
cover page:** 2

Comments:

Dear Linda,

Sorry this did not get through to you
yesterday. My fax machine said it went
somewhere.

Thank you very much for your help.

Sincerely,
Jim Kempen

Al Off 608-266-5831
Fax 608-282-3603

Heartland Pork



Badgerland Farm Credit Services
At the heart of a growing America sm

P.O. Box 311 • Lancaster, WI 53813 • (608) 723-4115 • (1-800) 236-2030 • Fax (608) 723-4119

December 29, 1998

3376

FAX: 608-676-5755

WISPIG

301 Scott Drive

P.O. Box 266

Clinton, WI 53535

Gentlemen:

Thank you for meeting with us on December 21, 1998. We appreciate the update on WISPIG's financial condition. As discussed we have sent distressed loan letters to the owners and guarantors of WISPIG.

Based on the information presented WISPIG is insolvent and cannot pay its accruing operating expenses. The WISPIG loan is in default because several of the loan covenants are not in compliance.

Our following forbearance proposal will allow time for hog prices to recover but in no way will the proposal solve the current financial difficulties. We are asking for a capital infusion of \$500,000 which will be used to reduce the Farm Credit loan balance. This needs to take place by February 15, 1999. In exchange for this capital infusion we will agree to defer interest payments from February 15th to May 1st. On June 1st, 1999 an interest payment will be due. We would expect a monthly interest payment each month until the note maturity date of September 1st, 1999. On September 1st, 1999 the interest which was deferred would need to be paid. This proposal assumes inventory numbers will be maintained.

We understand a meeting of the owners will be held on January 8th to discuss the future direction of WISPIG. We appreciate the invitation to be present at that meeting. If clarification of our proposal is needed please give me a call.

Your efforts to keep the owners and Farm Credit well informed are applauded and need to continue. Please let me know the location and time of your January 8th meeting.

Sincerely,

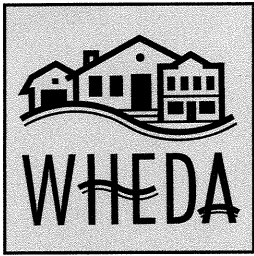
Carl I. Nelson III
Assistant Vice President

Milw. Journal Sentinel

01/13/99

Hog farmers can seek payments

Hog farmers will have two weeks in February to sign up for up to \$50 million in emergency payments being made to compensate for record low prices. Under details released Tuesday by the Agriculture Department, about 80% to 90% of pork producers, or about 100,000, are eligible for the payments which are capped at \$2,500 per operation. Farmers essentially will get \$5 for up to 500 slaughter-weight hogs marketed during the last six months of 1998. Producers can sign up for the program from Feb. 1 to Feb. 12 at their local Farm Service Agency office.



WISCONSIN
HOUSING AND
ECONOMIC
DEVELOPMENT
AUTHORITY

Tommy G. Thompson
Governor

Edwin J. Zagzebski
Chairman

Fritz Ruf
Executive Director

201 West Washington Avenue
Suite 700
PO Box 1728
Madison, WI 53701-1728
tel 608/266-7884
fax 608/267-1099

101 West Pleasant Street
Suite 100
Milwaukee, WI 53212-3962
tel 414/227-4039
fax 414/227-4704

www.wheda.state.wi.us
wheda@mail.state.wi.us

WHEDA supports equal
housing opportunities for
all persons



Memorandum

To: Interested Legislators
From: Fritz Ruf, Executive Director
Re: Hog Market Crisis
Date: January 14, 1999

ISSUE

Modifying the CROP Program in response to the hog market crisis.

BACKGROUND

American hog farmers are in the midst of a market crisis. According to the National Pork Producers Council:

"What we really have confronting us is a case of hog supplies exceeding U.S. packing plant slaughter capacity. That has created the massive bottleneck at the nation's packing plants and driven live hog prices down to disastrous levels."

Hog farmers across the nation and in Wisconsin are suffering huge losses that may drive many from the industry. Industry experts believe that emergency measures taken now can help pork producers survive:

"The recent low hog prices have generated the largest losses in history during December. The red ink that started in November 1997 is expected to end in mid-summer 1999. The liquidation that is occurring will result in higher hog prices particularly in 2000. However, many of the surviving producers will need to restructure the accumulated short-term debt over a longer period of time and their cost of production will increase. Loan guarantees or interest buy-downs will be helpful (and possibly necessary) for survival of many independent pork producers."

John D. Lawrence, Associate Professor
Iowa State University
Testimony to the Democratic Hearing on
the Crisis in the American Livestock
Sector
January 5, 1999

AN EMERGENCY LOAN GUARANTEE PROGRAM

In December, Governor Thompson directed WHEDA to examine ways in which our financing programs could be used to help Wisconsin pork producers. Our review resulted in a proposed emergency loan guarantee program that would require no additional state money and no statutory changes.

234.90 Agricultural production loan guarantees.

(1) DEFINITIONS. In this section:

(a) "Agricultural commodity" has the meaning given under s. 94.67 (2).

(ad) "Agricultural production loan" means a loan to a farmer to finance the purchase of fertilizer, seed, fuel, pesticides, tillage services, crop insurance, animal feed or any other service or consumable good necessary to produce an agricultural commodity.

(ag) "Dairy plant" has the meaning given in s. 97.20 (1) (a).

(b) "Farmer" has the meaning given under s. 102.04 (3).

(c) "Guaranteed loan" means an agricultural production loan which is guaranteed by the authority.

(cp) "Milk" has the meaning given in s. 97.22 (1) (e).

(d) "Participating lender" means a bank, production credit association, credit union, savings bank, savings and loan association or other person who makes agricultural production loans and who has entered into an agreement with the authority under s. 234.93 (2) (a).

(2) ELIGIBLE LOANS. Except as provided in sub. (3j), an agricultural production loan made by a participating lender is eligible for guarantee of collection from the Wisconsin development reserve fund under s. 234.93 if all of the following apply:

(a) The loan is to finance production of an agricultural commodity.

(b) The total outstanding principal amount of all loans to the borrower that are guaranteed under this section will not exceed \$20,000.

(bm) If the loan is one for which the borrower is eligible under sub. (3g), the amount of that loan does not exceed the amount of the payment, excluding interest or penalties if any, owed to the borrower by the insolvent or bankrupt dairy plant, subject to par. (b).

(c) The rate of interest on the loan, including any origination fees or other charges relating to the loan, does not exceed a rate determined by the authority after considering the conditions of the financial market.

(d) If the loan is one to which sub. (5) applies, the rate of interest on the loan for which the borrower is obligated, including any origination fees or other charges relating to the loan, does not exceed the rate determined under par. (c), minus 2%.

(e) The participating lender shall pay directly any supplier of fertilizer, seed, fuel, pesticides, tillage services, crop insurance, animal feed or other service or consumable good necessary to produce an agricultural commodity, if the borrower obtains the loan to pay that supplier.

(f) The participating lender obtains a security interest for repayment of the loan in the agricultural commodity resulting from use of the loan proceeds.

(g) Unless waived by the authority, the borrower procures an insurance policy which protects the agricultural commodity to be financed with the proceeds of the loan against risk of loss, and the proceeds of which are payable to the participating lender.

(h) The term of the loan does not extend after March 31 of the calendar year following the calendar year in which the participating lender granted the loan.

(i) The proceeds of the loan may not be applied to the outstanding balance of any other loan, except that the proceeds may be used to refinance a loan under this section, subject to sub. (3n).

(j) If the loan is one for which the borrower is eligible under sub. (3g), the terms of the loan require the borrower to pay to the authorized lender, in repayment of the loan, money received from or on behalf of the bankrupt or insolvent dairy plant, immediately upon receipt of the money.

(3) ELIGIBLE FARMERS. Except as provided under subs. (3g) and (3j), a farmer is eligible for a guaranteed loan if all of the following apply:

(a) The farmer does not meet the participating lender's minimum standards of creditworthiness to receive an agricultural production loan in the normal course of the participating lender's business.

(b) The amount of the farmer's debts totals at least 40% of the amount of the farmer's assets.

(c) In the judgment of the participating lender, it is reasonably likely that if the farmer receives a guaranteed loan the farmer's assets, cash flow and managerial ability are sufficient to preclude voluntary or involuntary liquidation before April 1 of the calendar year following the calendar year in which the participating lender granted the loan.

(d) The authority has not received a certification under s. 49.855 (7) that the farmer is delinquent in making child support or maintenance payments or owes past support, medical expenses or birth expenses.

(3g) ELIGIBLE DAIRY FARMER. Except as provided in sub. (3j), a farmer is eligible for a guaranteed loan under this subsection if all of the following apply:

(a) The farmer has not been paid for milk provided to a dairy plant because of the bankruptcy or insolvency of the dairy plant.

(b) In the judgment of the participating lender, it is reasonably likely that if the farmer receives a guaranteed loan the farmer's assets, cash flow and managerial ability are sufficient to preclude voluntary or involuntary liquidation before April 1 of the calendar year following the calendar year in which the participating lender granted the loan.

(c) The authority has not received a certification under s. 49.855 (7) that the farmer is delinquent in making child support or maintenance payments or owes past support, medical expenses or birth expenses.

(3j) EMERGENCY ELIGIBILITY CRITERIA. The authority may guarantee a loan to a farmer using eligibility criteria determined by the authority that differ from the criteria under subs. (2) to (3g) if all of the following apply:

(a) The governor has determined that an emergency situation exists and that the criteria under subs. (2) to (3g) prevent the authority from making an adequate response to the emergency situation.

(b) The authority has submitted to the joint committee on finance for review under s. 13.10 the emergency eligibility criteria that it proposes to use, and the joint committee on finance has approved the use of the criteria for the emergency situation.

(3m) EXTENSION. A participating lender may extend the term of a loan until no later than June 30 of the calendar year following the calendar year in which the participating lender granted the loan.

(3n) REFINANCING. (a) Except as provided in par. (b), proceeds of a guaranteed loan may be used to refinance a guaranteed loan no more than one time.

(b) The proceeds of a guaranteed loan may be used to refinance a guaranteed loan that has been refinanced one time if at least 60% of the principal amount of the refinanced guaranteed loan has been repaid.

(3p) INSTALLMENT PAYMENT OF CERTAIN LOANS. An authorized lender may require a borrower to repay a loan described in sub. (3g) in installments.

(4) GUARANTEE. (a) Except as provided in par. (b), the authority shall guarantee repayment of 90% of the principal of any agricultural production loan eligible for guarantee under sub. (2) made to a farmer eligible for a guaranteed loan under sub. (3) or (3g).

(b) 1. Except as provided in subd. 2., the total outstanding principal amount of all loans which the authority may guarantee under par. (a) may not exceed \$30,000,000 minus the total outstanding guaranteed principal amount that is guaranteed under s. 234.91, subject to s. 234.91 (5) (c).

2. The authority may request permission from the secretary of administration to increase the total outstanding principal amount of all loans it may guarantee. The secretary of administration may authorize the increase if the secretary determines that the agricultural production loan fund contains sufficient funds to guarantee loans in the requested total outstanding principal amount. If the secretary authorizes the increase, the secretary shall notify the joint committee on finance in writing. The authority may proceed with the proposed increase if within 14 working days after notification the committee does not schedule a meeting to review the proposed increase. If the committee schedules a meeting to review the proposed increase, the increase may not take effect unless the committee approves it.

(5) INTEREST REDUCTION. If at the time of origination or extension the interest rate on a guaranteed loan and the prime lending rate as reported by the federal reserve board in federal reserve statistical release H. 15 each equals or exceeds 10%, the authority shall pay, from the moneys in the Wisconsin development reserve fund, to the participating lender making the loan, an amount equal to 2% of the principal amount of the loan.

Message from Sheryl Albers: - 608-727-3933

Refinancing old debt is where the farmers need help

Interest rate subsidies - if a greater subsidy is going to be created it should be for a limited time frame (6-9 months) and then cut off

In terms of 1 over prime being a set rate - rate is not justified. If lender could be given a cut to cover their cost; Finder's Fee or 1% on a loan to cover cost would help; Floating index rate indexed to something instead of locked-in rate might give them greater flexibility

Write down note enough - if farmers are paying 9% and home loans are 6-7% and farmer is the one with the poorest debt to asset ratio, they will look at other loans

She doesn't think CROP is used to pay property taxes

State of Wisconsin
Department of Agriculture, Trade and Consumer Protection



Office of the Secretary

2811 Agriculture Drive

PO Box 8911

Madison WI 53708-8911

Phone: (608)224-5012

FAX: (608)224-5045

FAX

Date: 01/07/99

To:

Fritz Ruff

From:

Stan Shaw

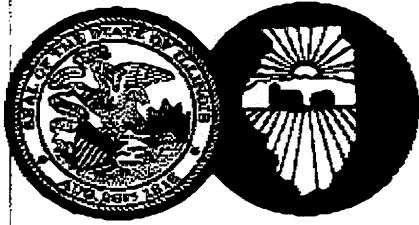
Phone: (608) 224-5016

FAX: (608) 224-5045

Number of Pages to Follow: 4

Message: Attached is a short faxed version from Illinois Farm Development Authority
more detail information is been mailed to me today.
I spoke with David Wirth Illinois Farm Authority (217) 782-5792.

The information contained in this facsimile message is privileged and confidential, and is intended for the use of the individual or entity named above. If you receive this communication in error, or if any of the pages need to be resent, please call the sender at the above number and inform them.



Illinois Farm Development Authority
427 E. Monroe, Springfield, IL 62701
Phone 217.782.5792 Fax 217.782.3989
Email dwirth@pop.state.il.us

Fax

To: Stan Shaw	From: David L. Wirth
Fax: 608.224.5045	Pages: 4
Phone:	Date: 01/06/99
Re:	CC:

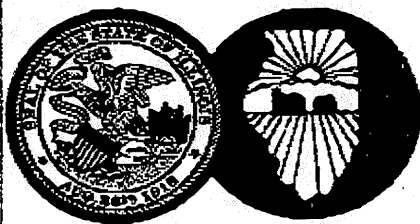
☐ Urgent ☐ For Review ☐ Please Comment ☐ Please Reply

Enclosed :

- Press release
- Interest buy down facts
- Excerpts from brochure highlighting Debt Restructuring Guarantee

I hope this helps.

David



Illinois Farm Development Authority

427 E. Monroe, Springfield, IL 62701

Phone 217.782.5792 Fax 217.782.3989

\$2 mil new money - to buy down interest.

FOR IMMEDIATE RELEASE

January 6, 1999

FINANCIAL HELP AVAILABLE FOR PORK PRODUCERS AND LENDERS

The Illinois Farm Development Authority (IFDA) is working with local lenders to offer the state's pork producers guaranteed loans at lower interest rates under a \$50 million program announced this week by Governor Jim Edgar.

The modified debt restructuring guaranteed loan program increases eligibility for pork producers who are suffering unprecedented losses and includes an Interest Buy Down program which reduces the interest rate to about 5.1% based on today's treasury rates.

"We look to work with local lenders to assist pork producers during this time of extreme financial stress," said IFDA Executive Director David Wirth. "These loans can bridge the gap created by today's extraordinarily low market prices and make a positive difference for many farmers."

Through the program, local lenders agree to an interest rate slightly below market in exchange for an 85% guarantee of principal and interest. Current program rates are about 7.1%. The Interest Buy Down program further reduces the interest rate by 2% for five years on the first \$100,000 borrowed. The maximum loan size is \$500,000.

The IFDA will also use modified market valuations of hog inventories to determine loan eligibility. Current hog prices are about one third of their normal values. With the modifications, IFDA will use more typical hog values.

To be eligible, farmers must be Illinois residents, have a debt to asset ratio between 40% and 65% and have sufficient collateral and cash flow. Loan applications are submitted to IFDA by local lenders.

Illinois Farm Development Authority, January 5, 1999

Interest Buy Down (IBD) Fact Sheet

The IBD will be allowed only on the first \$100,000 of each loan..

With today's 5 year treasury rates of about 4.6%, a debt restructuring guaranteed loan would have an interest rate of about 7.1%. With an IBD of 2.0%, the rate to the farmer would be 5.1%.

The IBD will last for 5 years, although the guaranteed loans may have a maturity of more than 5 years.

Lenders participating in the IBD must agree to fix the rate on the guaranteed loan for at least 5 years.

The IBD will be available for 6 months, or until \$50 million of loans have been approved.

STATE GUARANTEE PROGRAM FOR RESTRUCTURING AGRICULTURAL DEBT

This program is designed to consolidate and spread out a farmer's existing debt over a longer term at a reduced interest rate. Loans are made by commercial lenders who receive an 85% guarantee of principal and interest.

ELIGIBILITY

- * Illinois resident at least 18 years old;
- * Principal operator of a farm who derives 50% or more of gross income from farming;
- * Debt to asset ratio between 40% and 65%;
- * Cash flow and collateral adequate for the loan.

LOANS MAY BE USED FOR

Refinancing any existing agricultural debt.

LOAN TERMS

- Maximum loan is \$500,000;
- Maximum length of thirty years;
- Real estate may be amortized up to thirty years. The repayment period will be shorter for depreciable property;
- Annually variable rate - 1 year Treasury + 2.5%;
- 3 or 5 year rate - corresponding Treasury + 2.5%.

For further information, contact your local lender or:

ILLINOIS FARM DEVELOPMENT AUTHORITY

427 East Monroe Street, Suite 201

Springfield, Illinois 62701

Phone: 217/782-5792

800/406-IFDA

Fax: 217/782-3989

Revised September 1997

Printed with soybean ink @ 6.5 cents per copy

\$ 50,000 -

prop - uses
no refinancing

3 yr term

? \$ 3-5 mil ~~avail~~ avail

Fiscal Bur.

Jt. Fin.

Gov.

6 mo. application timeline
1 yr. grace on ^{rep}pay! +

(att) - Bobb
Alice Clausing
Rod Moon
Laser

— Resolution —

USDA-Farm Service Agency Farm Loan Programs

FAXDate: 12-29-98Number of pages including cover sheet: 4

To:

Rep. AL OTT

Phone:

Fax phone: 287-3603

CC:

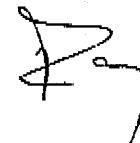
From:

Ray A. EllenbergerFarm Loan Chief6515 Watts Rd., Suite 100Madison, WI 53719Phone: 608-276-8732Fax phone: 608-271-9425E-Mail: ray.ellenberger@bbs.fsa.usda.gov

REMARKS:

☐ Urgent☒ For your review☐ Reply ASAP☐ Please comment

There are Fact Sheets that the Secretary recently
Handed out to Pork Producers & Handlers.
Keri Petallick was faxed that today it was.
Pork Producers. all FSA offices can
discuss these options with Pork Producers.
Call me if you have any other questions



119.4

FACT SHEET

GUARANTEED LOAN MAKING OPTIONS

- **PURPOSES:** Guaranteed loans purposes include:
 - refinancing of existing debt. This can include losses, operating expenses, or existing term debts.
 - making payments, either current or delinquent, on existing term debts.
 - annual operating expenses
 - any other costs associated with reorganizing the operation to improve profitability
- **TERMS:** Repayment terms can be extended out to a maximum of:
 - Seven years for Operating Loans
 - Forty years for real estate loans
- **TYPICAL YEAR:** A loan decision need not be based solely on this year's plan. The lender should consider a plan for a typical year and can use unequal installments, including balloons and deferrals, if a plan for a typical year can show repayment.
- **ANNUAL OPERATING LOANS:** Repayment of annual operating loans can be extended to permit recovery from economic reversal.
- **INTEREST ASSISTANCE:** A 4 % Interest Assistance subsidy is available for OL when producer is unable to pay the lender's interest rate. This is an annual government payment of 4% of the principal balance on the loan.
- **JUNIOR LIENS:** Junior liens may be acceptable, under certain circumstances.

FACT SHEET

GUARANTEED LOAN SERVICING OPTIONS

RESTRUCTURING - Operating loans (OL) can be restructured for up to 15 years from the date of restructure.

Line of Credit (LOC) loans can be restructured for up to 7 years from the date of restructure.

REAMORTIZATION - Farm Ownership (FO) loans can be restructured for up to 40 years from the original loan date.

INTEREST RATE REDUCTION - Lenders can consider and are authorized to reduce interest rates on loans.

DEFERRAL - Lenders can defer loan payments for up to 5 years. All of the principal and a portion of the interest may be deferred. However, a partial interest payment must always be received.

INTEREST ASSISTANCE - Lenders can make application for interest rate assistance. If eligible, a loan will receive a 4 percent subsidy in the form of a payment from FSA to the lender, effectively reducing the borrower's rate by 4 percent.

All guaranteed loans made prior to October 1, 1992, may receive the interest assistance for servicing purposes.

For loans made on or after October 1, 1992, only OL and LOC loans that were initially made with interest assistance are eligible to receive it for servicing purposes.

Beginning October 1, 1992, new FO loans cannot receive interest assistance and also cannot receive interest for servicing purposes.

DEBT WRITEDOWN - With FSA concurrence, lenders can writedown debt to the present value, as long as that value is greater than or equal to the loan collateral recovery value.

All FSA guaranteed loans can receive writedown consideration. FSA form 1980-88 "Farm Credit Programs Guaranteed Writedown Worksheet" (Attached) is used by lenders to correctly calculate the writedown.

The lender must prepare a cash flow, and indicate the amount available to pay on the guaranteed loan after considering all income, expenses, and other creditor payments.

From the amount available to pay on the guarantee, the lender determines the present value of the loan.

The lender determines the net recovery value of the collateral, taking into consideration prior liens and any expected liquidation cost and expected income to be received from the property during projected holding periods.

If the present value is greater than or equal to the recovery value of the collateral, a writedown can be approved.

FSA will compensate the lender for the loss incurred as a result of the writedown in proportion to the guaranteed percentage of the loan. (If the loan is guaranteed at 90 percent, FSA will pay the lender 90 percent of the amount written down.)

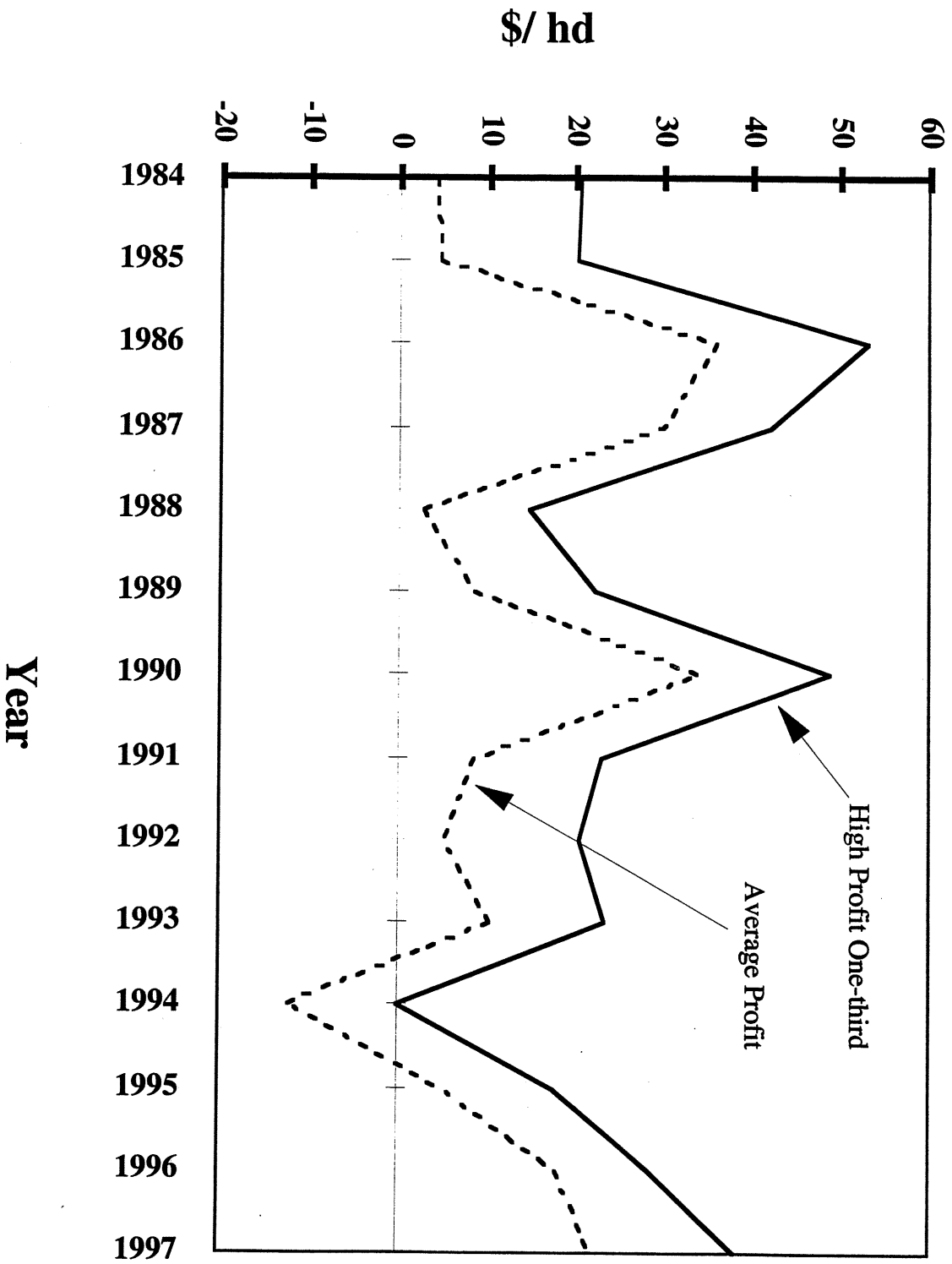
If loans involve only chattel security the amount written down cannot be collected from the borrower at a later date.

For loans that include real estate as collateral, the lender will execute a shared appreciation agreement with the borrower, that will entitle the lender to collect 75 percent of any positive appreciation in the market value of the real estate between the date of the agreement and either the expiration date of the agreement or the date the loan is paid in full, the borrower ceases farming or transfers title, if this event occurs 4 years or less from the date of the agreement. If any of these events occurs after 4 years from the date of the agreement, but before the expiration of the agreement, the lender will be entitled to collect 50 percent of any positive appreciation in the market value of the real estate.

Attachment

Profit From Farrow-to-Finish Pork Operations

Source: Iowa State University





Al Ott

State Representative • 3rd Assembly District

January 14, 1999

Sen. Brian Burke, Co-Chair
Joint Finance Committee
316 South, State Capitol
Rep. John Gard, Co-Chair
Joint Finance Committee
315 North, State Capitol
Madison, WI 53708

Chairman Burke, Chairman Gard and Joint Finance Committee Members:

As you all are aware, the hog industry in Wisconsin is currently in a crisis situation due to numerous factors which have negatively affected the industry. The Assembly Agriculture Committee held a public hearing on December 17, 1998 in an attempt to gather information and public input which could help alleviate the critical situation facing pork producers.

Several legislators have worked to find a way for the state to assist its pork producers in addition to the proposed federal assistance. After several meetings with legislators, agriculture experts and Wisconsin Housing and Economic Authority (WHEDA) staff, an initiative to modify the CROP program to assist independent pork producers was developed. Attached is the WHEDA memorandum outlining this initiative.


Today Governor Thompson has issued an Executive Order declaring a hog market emergency situation and authorizing WHEDA to modify the CROP Program in response. The next step is for WHEDA to submit a s.13.10 request to the co-chairs of the Joint Committee on Finance for approval of the emergency eligibility criteria.

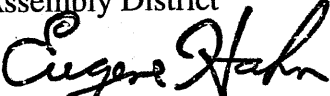
This brings us to the point of this letter. All members of the Assembly Agriculture Committee are respectfully requesting the Joint Finance Committee meet as soon as possible to review and, hopefully, approve the emergency criteria so that the guaranteed loan assistance could be made available to pork producers by the end of this month.


We urge you to consider and respond to this request as soon as possible in light of its importance to agriculture in Wisconsin. If you have any further questions, please feel free to contact Rep. Alvin Ott or Jim Langdon at WHEDA (telephone: 266-3529).


Sen. Brian Burke
Rep. John Gard
Page Two
January 14, 1999


Sincerely,

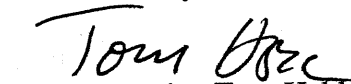

Representative Al Ott
3rd Assembly District



Representative Eugene Hahn
47th Assembly District


Representative Joan Spillner
42nd Assembly District

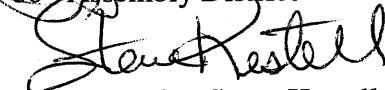

Representative John Ainsworth
6th Assembly District

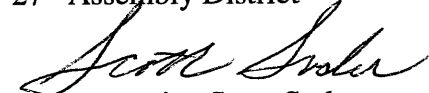

Representative Barbara Gronemus
91st Assembly District

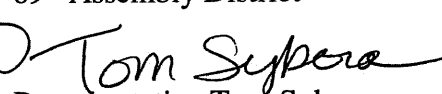

Representative Tom Hebl
46th Assembly District



Representative John Steinbrink
65th Assembly District



Representative Jerry Petrowski
86th Assembly District



Representative Steve Kestell
27th Assembly District


Representative Scott Suder
69th Assembly District


Representative Tom Sykora
67th Assembly District


Representative Joe Plouff
29th Assembly District


Representative Julie Lassa
71st Assembly District


Representative Martin Reynolds
87th Assembly District

NEWS RELEASE

FOR IMMEDIATE RELEASE
FOR MORE INFORMATION, CONTACT:
State Representative Al Ott, (608) 266-5831

January 20, 1999

**OTT: LEGISLATURE'S JOINT FINANCE COMMITTEE WILL MEET
THURSDAY ON PROPOSAL TO HELP STATE HOG FARMERS**

*Assembly Ag Committee Chair Says Low Interest Loans Could Be
Available to Wisconsin's 4,400 Hog Farmers By Early Next Week*

Madison...The Legislature's Joint Finance Committee will meet Thursday afternoon to approve a \$5 million low interest loan program designed to help Wisconsin hog farmers, according to State Representative Al Ott (R-Forest Junction).

"Joint Finance approval of this loan program is the quickest way to help our state's hog farmers who truly face a crisis situation," said Ott, Chairman of the Assembly Agriculture Committee. "With the committee's approval, these low interest loans could be available to hog farmers by early next week."

Ott worked with others in drafting the plan that will make loans of up to \$50,000 available to Wisconsin's 4,400 hog farmers by utilizing the state's existing Credit Relief Outreach or CROP program. The loan guarantee program would be administered by local lenders. Ott's Agriculture Committee held a public hearing on the proposal today in Green Bay.

"These low interest loans may provide the foothold many of our hog farmers need to hold on until the market stabilizes," Ott said. "My main interest is to get this program up and running as soon as possible to assist these farmers with their production costs. I'm very pleased the Joint Finance Committee has decided to take action promptly."

Thursday's Joint Finance hearing begins at 2 p.m. in the Ground Floor Hearing Room of 119 Martin Luther King Jr. Blvd. in Madison.

Narveson, Linda

From: Miller, Robert
Sent: Thursday, January 21, 1999 9:31 AM
To: Narveson, Linda
Subject: Press release

Linda – I was asked yesterday by Rep. Gard to put together the attached release for your boss. I did talk with Al late yesterday afternoon and read the release to him. Al did get a quote in today's Wisconsin State Journal.



OttHogs.doc



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

January 20, 1999

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Paper for the Committee's January 21, Section 13.10 Meeting

Attached is a paper, prepared by this office, regarding a request of the Wisconsin Housing and Economic Development Authority for approval of emergency eligibility criteria under the CROP program in response to the hog market crisis. This item has been scheduled for the Committee's January 21, meeting under s. 13.10.

The meeting is scheduled for 2:00 p.m. in the Ground Floor Hearing Room of 119 Martin Luther King, Jr. Blvd.

BL/lah
Attachment



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

January 20, 1999

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: WHEDA – Emergency Eligibility Criteria for CROP Loan Guarantees for Pork Producers

REQUEST

The Wisconsin Housing and Economic Development Authority requests approval of emergency eligibility criteria under the CROP Program in response to the low price producers are receiving for their hogs. The criteria include: (a) a maximum loan limit of \$50,000 for hog producers; (b) loan repayment within three years; (c) an application deadline of July 31, 1999; and (d) emergency program loans totaling no more than \$5,000,000.

BACKGROUND

WHEDA was provided \$11 million GPR in 1984-85 to guarantee agricultural production loans to Wisconsin farmers. This program is commonly known as the credit relief outreach program, or CROP. Loans under the program are used to purchase services or consumable goods necessary to produce an agricultural commodity. Under the program, WHEDA guarantees 90% of each qualifying agricultural production loan made by a participating lender to an eligible borrower. The maximum interest rate allowed on a CROP loan is determined annually by WHEDA (9.5% in 1998). WHEDA also charges a \$150 application fee on CROP loans with revenue being deposited to the Wisconsin Development Reserve Fund (WDRF).

To be eligible, a farmer must meet four eligibility conditions: (1) the farmer does not meet the participating lender's minimum standards of creditworthiness to receive an agricultural production loan in the normal course of the lender's business; (2) the amount of the farmer's debts totals at least 40% of the amount of the farmer's assets; (3) in the judgement of the lender, it is

reasonably likely that if the farmer receives a guaranteed loan, the farmer's assets, cash flow and managerial ability are sufficient to preclude voluntary or involuntary liquidation before April 1 of the next calendar year; and (4) WHEDA has not received a certification from the Department of Health and Family Services that the farmer is delinquent in making child support or maintenance payments.

Also, a borrower may not have outstanding CROP loans totaling more than \$20,000 at any one time. The term of a CROP loan may not extend beyond March 31 of the next calendar year except, at the lender's option, the term may be extended up to three months to no later than June 30. In addition, the proceeds of a CROP loan may not be applied to the outstanding balance of any other loan, except that the proceeds may be used twice to refinance a previously received CROP loan. Further, the lender must obtain a security interest for repayment of the loan in the agricultural commodity resulting from the loan proceeds. Finally, unless waived by WHEDA, the borrower must obtain insurance to protect the agricultural commodity against risk of loss and the proceeds must be payable to the lender. This insurance provision has been interpreted to require hail insurance, but not drought insurance.

Originally, CROP was intended to be a one-year program to assist eligible farmers in obtaining capital to continue their operations at a time when the farm economy of the state (and nation) was in economic difficulty. The program was subsequently extended several times. 1995 Act 5 eliminated the sunset provision, making it a permanent guaranteed loan program. The maximum amount of CROP loans (including Farm Asset Reinvestment Loan Guarantees or FARM) that may be guaranteed under the program at any one time is \$30,000,000. Through June 30, 1998, WHEDA had outstanding 1998 guarantees totaling \$14,304,442. Since the program's inception in 1985, over 22,000 loans for a total of \$300 million have been guaranteed. Less than 2% of these borrowers have defaulted.

WHEDA also has authority to make CROP loans subject to emergency eligibility criteria. WHEDA may guarantee a loan to a farmer, who is otherwise ineligible, if the Governor has determined that an emergency situation exists and the existing eligibility criteria prohibit WHEDA from making an adequate response to the emergency situation. However, WHEDA must submit the emergency criteria to be used in making such a loan to the Joint Committee on Finance for review and approval under s. 13.10. It should be noted that unlike other CROP loans, the level of loan principal for which WHEDA may guarantee repayment for emergency guaranteed loans is not specified. On January 14, 1999, WHEDA submitted to the Committee Co-chairs, hog production emergency loan guarantee criteria with a statement from the Governor declaring such an emergency situation existed.

CROP loans are guaranteed by the Wisconsin Development Reserve Fund (WDRF). The WDRF was created in 1991 through the consolidation into a single fund of several existing guarantee funds, including the CROP fund. The consolidated WDRF now backs guaranteed loans made by private lenders under separate programs, reserving funds to repay lenders for any losses from defaulted loans made under any of these guaranteed programs. The WDRF also funds the administrative costs of the loan guarantee programs.

The total principal amount of loans that can be guaranteed by WHEDA under its existing loan guarantee programs is \$84.1 million, while the allowable guarantee authority on those loans equals \$71.6 million. As of July 1, 1998, approximately \$36 million in loan guarantees were outstanding under WHEDA's guaranteed loan programs, leaving \$35.6 million in guarantee authority remaining.

The consolidated reserves available in the WDRF totaled \$16.5 million on July 1, 1998, as reported to the Joint Committee on Finance in the WDRF annual report. These reserves are primarily maintained to repay the lender in case of loan defaults. The ratio of authorized guarantee amount to reserves amount is referred to as WDRF's leverage factor. 1997 Act 27 increased the leverage factor from 4:1 to 4.5:1 for most guarantee programs backed by the fund. This means the WDRF would have at least one dollar in reserve for every \$4.50 in available guarantee authority. On July 1, 1998, the actual leverage factor was 4.3:1 for available guarantee authority. Further, based on actual loan guarantee activity through June 1998, WHEDA has a 2.2:1 ratio. That is, for every \$2.20 in outstanding loans actually guaranteed, the WDRF had one dollar in reserve.

The Legislative Audit Bureau reported in a December, 1997, evaluation that the WDRF steadily declined from \$21.1 million on June 30, 1992, to \$12.9 million on June 30, 1997, with annual deficits ranging from \$700,000 to \$1.9 million. After the Legislature appropriated an additional \$4 million in the 1997 budget act, the WDRF increased to \$16.5 million in 1998. The LAB audit further estimated that under current conditions, the WDRF balance would be depleted before 2010. Further, if the economy deteriorates or a \$7.6 million WHEDA loan to the Taliesin Preservation Commission defaults, restrictions on the WDRF's guarantee authority would begin much sooner.

Annually, on June 30, WHEDA is required to transfer to the state's general fund any balance in the WDRF which remains after deducting; (a) amounts sufficient to pay outstanding claims; and (b) a reserve amount sufficient to maintain the required leverage factor (generally 4.5:1) of total principal guarantee authority to reserve fund balance under each loan program backed by the fund. No balances have been transferred in recent years.

Hog prices for producers have dropped from a 1997 national average of \$59/hundredweight to December, 1998, prices as low as \$10/hundredweight. A bottleneck at slaughter plants has received much of the blame for the price drop. In the past two years, four U.S. plants, three of which are in the Midwest, closed, decreasing slaughter capacity by 35,000 head per day or about 8%. Meanwhile, U.S. hog production increased by 10% from 1997. Further, imports of live Canadian hogs increased 37% in 1998, due to a weak Canadian dollar, among other things. A December, 1998, labor strike at an Ontario meat plant exacerbated the situation.

In 1997, approximately 3,900 Wisconsin operations had 730,000 hogs, accounting for 1.2% of U.S. production. Hog production has been dropping by approximately 100,000 head annually for the past five years, and the 730,000 hogs in 1997 marks the lowest production for the state since estimates began in 1924. Wisconsin producers received an average of \$51/hundredweight in 1997 for their hogs compared with an average of \$31/hundredweight in 1998, as shown in Table 1. USDA reports Wisconsin prices of \$28-\$30/hundredweight on January 15, 1999. In 1997, 350,500

hogs were slaughtered in Wisconsin. As of January, 1998, Wisconsin's hogs were valued at \$61.3 million.

TABLE 1

Wisconsin Hog Prices (per hundredweight) by Month, 1992-1998

	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>
January	\$37.17	\$41.03	\$43.48	\$37.16	\$41.99	\$52.65	\$34.53
February	40.34	43.54	47.53	38.73	45.51	50.73	34.35
March	38.82	45.92	43.78	36.98	47.89	47.56	33.70
April	41.34	44.85	42.01	34.96	49.15	53.44	33.99
May	45.44	46.49	42.13	36.44	57.03	57.01	41.63
June	47.65	47.94	42.48	42.65	55.26	56.96	41.58
July	44.75	45.83	42.13	46.55	58.22	58.30	35.74
August	44.54	48.05	41.79	48.63	58.83	54.66	34.10
September	41.52	48.18	34.71	47.73	53.70	49.67	28.52
October	41.88	46.80	31.32	44.47	54.55	46.07	26.83
November	41.01	42.48	27.58	38.99	53.60	44.11	16.51
December	41.68	40.17	31.11	43.10	54.46	39.71	12.79
Average	\$42.18	\$45.17	\$39.18	\$41.39	\$52.57	\$51.02	\$31.32

Wisconsin's hog producers are concentrated in the southcentral, southwestern and westcentral portions of the state. According to USDA data, the majority of Wisconsin's 3,300 pork producers in 1998 were smaller operations (over 60% with fewer than 100 hogs). Operations with over 1,000 head represent less than 5% of hog operations, but have 44% of all hogs, as shown in Table 2.

TABLE 2

Wisconsin Head of Hogs and Pigs: By Size Group

		<u>Operations with number of head</u>					<u>Inventory on operations with number of head</u>				
		1-99	100-499	500-999	1,000-1,999	2,000+	1-99	100-499	500-999	1,000-1,999	2,000+
		<u>Number</u>					<u>Percent</u>				
8400	1993	5,500	2,300	430	120	50	10%	38%	23%	14%	15%
7600	1994	5,000	2,000	420	130	50	10	34	24	16	16
6200	1995	4,200	1,500	310	140	50	10	31	21	19	19
4700	1996	3,300	1,000	220	130	50	9	28	18	21	24
3900	1997	2,600	890	230	120	60	8	27	21	20	24
3300	1998	2,100	870	180	95	55	7	28	21	19	25

ANALYSIS

The emergency loan guarantee criteria proposed by WHEDA for hog farmers differ from the CROP program in numerous ways. The emergency loan is only to finance production of a swine commodity and the maximum outstanding guarantee amount is \$50,000 rather than the \$20,000 under CROP. Also, the loan term is up to three years for the emergency loan (versus one-year for CROP) and there is an application deadline of July 31, 1999. In addition, emergency loans may not be applied to the outstanding balance of any other loan or to refinance an existing CROP loan. Assets in addition to the hogs produced may be required to secure emergency loans. The farmer eligibility requirements are substantially the same.

The total outstanding principal amount of loans under the emergency program could not exceed \$5 million. Therefore, at a maximum 90% level, WHEDA could guarantee up to \$4.5 million in loans, with \$1 million required in the WDRF to back the guarantees at the statutory ratio of \$1 in reserve for each \$4.50 in guaranteed principal. As a result, if the emergency program were fully utilized, the effect would be to reduce the available limit on standard CROP and FARM loans to a total of \$25 million or to reduce reserves available for other WHEDA loan guarantees by up to \$1 million. As of July 1, 1998, the WDRF had a balance of \$16.5 million with outstanding loan guarantees of \$36 million (a ratio of approximately 2.2 to 1). Authorized loan guarantees currently total \$71.6 million as shown in Table 3 for a ratio of 4.3 to 1 (within the generally required 4.5 to 1 ratio). Therefore, it would appear that sufficient funding currently exists within the WDRF to back the emergency loans to pork producers.

TABLE 3

Guarantee and Loan Authority Under WHEDA's Guaranteed Loan Programs

	Maximum Guaranteed Amount of Loans	Maximum Principal Amount of Loans
CROP/FARM	\$27,000,000	\$30,000,000
Brownfields	22,500,000	28,125,000
Small Business	9,900,000	12,375,000
Taliesin	7,200,000	8,000,000
Agribusiness	<u>5,000,000</u>	<u>5,555,600</u>
Total	\$71,600,000	\$84,055,600

A direct guaranteed loan to a nonprofit organization that owns or leases cultural and architectural landmark property was authorized in 1991 Wisconsin Act 39. In October, 1993, a loan of \$8,000,000 was made under this program. To date over \$7.6 million has been disbursed to the Taliesin Preservation Commission through the proceeds of debt instruments issued by WHEDA. WHEDA and the Commission restructured the loan agreement in April, 1997, to: (a) eliminate interest on the loan, (b) defer payment of \$6.5 million in principal until January, 1999 and (c) require principal payments over a 20 year period on \$1.1 million. In general, interest payments

that are forgiven are ultimately paid with WHEDA funds. To date, \$33,333 in principal has been received on the \$1.1 million loan. The \$6.5 million payment is not expected in January, 1999. Up to 90% of any default amount is covered by the WDRF with any remaining costs being paid from WHEDA operating funds. To the extent that the WDRF is needed to resolve the Taliesin loan issue, available reserves to back guarantees under other WDRF programs could be reduced. However, WHEDA stated in a November, 1998, progress report to the Joint Legislative Audit Committee that a strategy was being developed in conjunction with DOA to resolve the Taliesin loan issue without using new state tax dollars.

On January 1, 1999, WHEDA began charging a \$150 application fee for CROP loans. Loans to pork producers under the emergency criteria would be subject to this fee. The fee may be paid upon application or can be deducted from the loan proceeds. While the amount generated by the fee will be dependent upon the actual number of applications and the amount of individual loans, based on a \$5 million program and a \$50,000 maximum loan, the emergency loan program would be expected to generate approximately \$15,000 for deposit into the WDRF.

Some would argue that a state program to subsidize pork production might lead to a continued oversupply of hogs and prolong the depressed pricing. Others believe that the depressed prices to farmers are the result of inadequate slaughter facilities and note that consumer prices for pork have not reflected the decline in producer prices. They point to 1998 pork exports increasing by 18% from 1997 and retail consumer demand increasing by 7% from 1997 to 1998. Therefore, it is argued that the underlying demand for pork is stable or increasing and that producer prices will continue to rise. Further, it is argued that the extent of the price drop in late 1998 could not be foreseen and may have already eliminated many marginal farm operations. Therefore, some believe that a loan guarantee program is necessary to maintain viable family farms.

Others have raised questions whether it is appropriate for the state to potentially subsidize large hog operations that some believe are, at least in part, responsible for increased supplies and depressed prices. These large operations, it is argued, can sustain short-term losses and depressed prices more readily than smaller farms. However, given the limited number of such operations currently in Wisconsin (55 with over 2,000 head) and the maximum \$50,000 loan proposed for the program, it is less likely that the largest farms would realize substantial benefits from the program. Further, a producer is only eligible for the emergency loan if they are unable to secure conventional financing. This may further diminish the chances that a large corporate farm would be eligible for an emergency CROP loan.

Some believe the proposed program may be inadequate to meet the needs of Wisconsin pork producers in the current market. By establishing a \$50,000 maximum loan and \$5 million overall cap on the program, it is possible that as few as 100 farmers could receive loans. However, to the extent actual loan amounts are less than the \$50,000 maximum, additional producers would receive assistance. Further, it could be argued that most Wisconsin farmers have not realized losses approaching \$50,000. Many claim that roughly \$40/hundredweight is a break-even price. Based on the December, 1998, average market price, a producer who sold a 250-pound hog would lose approximately \$68. Even at the severely depressed December price, a producer would need to be

selling over 735 hogs to sustain a loss of \$50,000. It could be argued that by lowering the maximum loan amount, more farms could be assisted. For example, if the loan maximum were reduced by one-half to \$25,000, at least 200 pork producers could receive guaranteed loans. Further, such a reduction would tend to more narrowly focus the program on small- to medium-sized hog farms or diversified farm operations.

Another alternative to help ensure that the largest farm operations are not competing with smaller operators for funding would be to exclude certain operations from eligibility. Large livestock operations (those with over 1,000 animal units which equals 700 dairy cows or 2,500 hogs), and certain smaller operations where water pollution problems persist, must obtain a water pollution discharge elimination system (WPDES) permit from DNR. Approximately 70 farms (including about 10 swine operations) are currently permitted. The largest hog and diversified farm operations in the state could be excluded from eligibility by specifying that farm operators who are required to hold a WPDES permit are ineligible.

The WHEDA request indicates that the proposed \$50,000 per farm maximum for an emergency loan would include any outstanding CROP loans. However the eligibility criteria submitted is not clear on whether the \$50,000 maximum applies to only the emergency loan program or includes outstanding CROP loans. If applied to all CROP loans as intended, the maximum eligible emergency loan would be reduced by the amount of outstanding CROP loans (that is, by up to \$20,000).

Also, while not specified in the emergency criteria, WHEDA officials indicate the 90% guarantee provision of the CROP program would apply to the emergency loan program. The Committee may wish to clarify the criteria by specifying the guarantee level at 90%.

ALTERNATIVES

1. Approve the Authority's request to create a Hog Production Emergency Loan Guarantee Program clarified as follows: (a) that WHEDA may guarantee up to 90% of the principal of any hog production emergency loan; (b) that the maximum outstanding principal of loans to a borrower under the emergency program, including any outstanding CROP loans, may not exceed \$50,000.

2. Rather, than a \$50,000 loan limit under Alternative #1, establish one of the following limits:

- a. \$40,000
- b. \$30,000
- c. \$25,000

3. In addition to any of the above alternatives, specify that any livestock operation that is required to obtain a WPDES permit is ineligible for a hog production emergency loan guarantee.

4. Deny the request.

Prepared by: David Schug



PO Box 327 • Lancaster WI 53813 • 608-723-7551 FAX: 608-723-7553 • E-mail: wispork@pcii.net

January 21, 1999

Dear Senator Brian Burke, Representative John Gard and Members of the Joint Committee on Finance:

I learned on Wednesday afternoon, January 20, that there is a meeting of the Joint Finance Committee today, January 21, at 2:00 p.m. On behalf of the Wisconsin Pork Producers' Association (WPPA), I would like to address any concerns you may have regarding eligibility requirements for the proposed Wisconsin Housing and Economic Development Authority (WHEDA) loans.

WPPA's position regarding pork production is to sustain a viable, economically feasible and environmentally sound industry in the state of Wisconsin. WPPA has provided producers with programs such as Pork Quality Assurance and Environmental Assurance to give our producers the knowledge base to achieve these goals.

Producers are individuals and each operation is slightly different. There are different overhead costs, family sizes and financial needs. Individuals must make the decision on how to run their own business. The following example gives you an idea of total swine operations categorized by number of head on inventory in Wisconsin compared to our neighboring states:

State	Number of Operations with inventory on hand as of Dec. 1, 1998 Source: USDA					
	1-99	100-499	500-999	1,000-1,999	2,000-4,999	5,000+
MI	1900	500	100	150	120	30
WI	2100	870	180	95	50	5
IL	2200	2250	1300	690	430	130
MN	2800	3000	1300	750	470	180
IA	2900	6300	4100	2450	1430	320

I think it is also important to note that Wisconsin has lost over two-thirds of their sow inventory in the last 20 years. In fact, sow numbers have decreased from 305,000 sows in 1978 to 85,000 sows in 1998 according to the USDA Hogs and Pigs Quarterly Report.

Wisconsin pork producers who make their entire living producing pigs clearly need more animal units to sustain a decent standard of living and return on their investment. Some operations provide living for more than one family i.e. father/son enterprise. Despite property taxes twice the rate of neighboring states, strict environmental standards and no major slaughter facility for market hogs, most of our state's pork producers have remained competitive.

Page - 2

Most government programs regarding agriculture have a dollar cap. We believe this is an equitable way to administer the WHEDA loans. A cap of \$50,000 for an operation of 1,000 head would equate to a loan of \$50 per pig. A cap of \$50,000 for an operation of 5,000 head would equate to a loan of \$10 per pig. Many Wisconsin producers lost between \$50 and \$75 per head during the market crisis in the fourth quarter of 1998.

I regret that I am not available to attend Thursday's meeting, but I hope this letter addresses any concerns you may have regarding the producer eligibility for this program. WHEDA's criteria addresses these concerns appropriately. If the committee has further questions of me, I will be available on Thursday by calling (608) 365 3258.

Sincerely,



John Lader
WPPA Vice President

THE STATE OF WISCONSIN

SENATE CHAIR
BRIAN BURKE
316 South Capitol
P.O. Box 7882
Madison, WI 53707-7882
Phone: (608) 266-8535



ASSEMBLY CHAIR
JOHN GARD

315-N Capitol
P.O. Box 8952
Madison, WI 53708-8952
Phone: (608) 266-2343

JOINT COMMITTEE ON FINANCE

Minutes of the Special Meeting Under s.13.10

January 21, 1999

Co-chair Burke presided and called the meeting to order at 2:00 p.m.

Present: Burke, Decker, Jauch, Moore, Shibilski, Plache, Cowles, Panzer
Representatives Gard, Ourada, Albers, Porter, Kaufert, Duff, Huber

Absent: Riley

I. Wisconsin Housing and Economic Development Authority

Moved by Representative Gard and seconded by Senator Burke to approve the Authority's request to create a Hog Production Emergency Loan Guarantee Program with the following emergency eligibility criteria: (a) a maximum loan limit of \$50,000 for hog producers; (b) loan repayment within three years; (c) an application deadline of July 31, 1999; and (d) emergency program loans totaling no more than \$5,000,000. In addition, stipulate that (1) WHEDA may guarantee up to 90% of the principal of any hog production emergency loan; and (2) the maximum outstanding principal of loans to a borrower under the emergency program, including any outstanding CROP loans, may not exceed \$50,000.

Ayes, 15; Noes, 0; Absent, 1 (Riley)


Daniel Caucutt, Secretary

Date: 1/21/99


Brian Burke, Co-Chair

Date: 1/21/99


Tommy G. Thompson, Governor

Date: 1/21/99

12/19/99
9:10 AM
C. H. H. H.

Hog farmers' woes translate to cheap pork for consumers

Retail prices for the other white meat are dropping as producers face an economic emergency

By Dan Wilson
Post-Crescent staff writer

The continued low price of pork has prompted an executive order from the governor declaring an economic emergency for state hog farmers, while prices at the supermarket have started to follow suit.

Contrary to recent reports, low pork prices are reflected at the retail level.

"I don't understand where that comes from," said Mike Glisch, vice-president of Roundys Inc., Milwaukee.

"We have had the hottest prices for pork products we have ever had

and the prices are getting lower all the time," he said.

"We are actually doing some promotions with the pork council. We are working with them directly to help move more pork through the pipeline. As a result we are selling more pork and we are advertising it more frequently."

Glisch said ham prices have been under \$1 a pound and center cut pork chops have been selling for \$1.48 a pound.

The low pork prices are squeezing hog farmers, who are struggling to stay afloat after a seven-month

Please see PORK, A-13

PORK: Governor declares emergency for state farmers

From A-1

Sliding prices.

Gov. Tommy Thompson last week issued an executive order declaring an economic emergency in Wisconsin's pork industry. The order makes it possible for hog farmers to receive up to \$30,000 in aid to weather the crisis.

Farmers who qualify for the Hog Production Emergency Loan Guarantee Program would pay the loan back over three years. The loan would be guaranteed up to 90 percent by the state.

Final approval of the program is awaiting the Legislature, but approval is expected and farmers can apply until July 31 through their local lenders. The loans will be on a first-come, first-served basis.

Hog farming makes up only a small portion of the state's agricultural industry. Hog sales account for about \$230 million out of a total state agricultural income of \$5.4 billion.

According to the latest statistics, there are about 3,000 farms that have hogs, but of those 3,000, only

180 have more than 500 head, enough to be considered a full-time occupation.

Among those is Lee Newsome of rural Waupaca.

"When you are going broke, why borrow \$30,000 more to go even deeper in debt," he said. "Prices have actually been depressed for the past year."

Newsome said he is getting 23 to 24 cents a pound for his hogs. He calculates he needs about 45 to 50 cents to break even. Taking out a loan presumes the industry will turn around, and Newsome doesn't see much to be optimistic about.

"According to what I have read, the average price for 1999 is expected to be around 33 cents a pound," he said. "I think there are better ways they could have helped us out, such as working with our lenders on our present debt. But why should I go in the hole even more?"

John Haen is a director with the Wisconsin Association of Meat Processors and also works in the family-owned Haen Meat Packing Inc. plant in Kaukauna.

He is the middleman who often gets the blame for the failure to pass on the low prices.

"We are at the mercy of the market, too," he said. "We pay a little more than what the market is and people are buying pork. Pork prices are down and we are selling more. But I have never seen anything like this. Hog farmers ask me what it is all about and I say, 'I don't know.'"

When hogs become mature, they have to be sold. All they do once they become mature is consume food. Hog producers, unlike many other commodities, can't hold back.

"We are backed up on hogs waiting to be butchered, because the farmers have to get rid of them," Haen said.

Mike Salter of Black Creek raises hogs as a sideline. He can weather the low prices, but he can't explain them.

"It's just numbers," he said. "And the packing plants have all the control. They are making good money on this."

According to Bob Prosi, a trader on the Chicago Mercantile Ex-

change, the low pork prices are due mostly to events abroad.

"It is a combination of record production and a drop in exports to Japan and Europe," he said. "All these things combined to make hog producers increase their production and suddenly the foreign market disappeared."



John Roemer/Press-Gazette
Rep. Al Ott, R-Forest Junction, left, Norval Dvorak, retired vice president of Packerland Packing Co. and Rep. Barb Gronemus, D-Whitehall, talk Wednesday at Packerland Packing. The Assembly Agriculture Committee met in Green Bay Wednesday after touring Packerland Packing and Maplewood Meats.

Inspection rules may open meat markets

Area specialty companies stand to gain

BY THOMAS CONTENT
PRESS-GAZETTE

Federal rules designed to make meat safer to eat may be costly to comply with, but they could end up opening new markets for Wisconsin meat processors.

Viewpoints on the new food handling and sanitation rules were a choice topic during a special meeting of the state Assembly Agriculture Committee Wednesday at the Comfort Suites in Green Bay.

By next year, Wisconsin's hundreds of small meat processors must comply with rules requiring changes in either how animals are slaughtered, how sanitation procedures are documented, or both.

The new rules were enacted by the U.S. Food Safety and Inspection Service after a major outbreak of illnesses in several west-

ern states in 1993, blamed on the presence of E. coli bacteria in fast-food restaurant meat.

The U.S. Department of Agriculture has long opposed a ban on the interstate trade of state-inspected meats.

But the federal department's position on that has now changed, said Terry Burkhardt, director of the state Meat Safety and Inspection Bureau, and Agriculture Secretary Dan Glickman has indicated he will introduce a bill in Congress to remove the ban.

"With a level playing field for everybody, if everybody is meeting the same standard, then why should we continue to ban interstate shipment," Burkhardt said.

The move could open markets for sausage and specialty meat companies near the Illinois, Michigan and Minnesota state lines.

"We're like the microbrewery of

meat products," said Dennis Buege, meat extension specialist with the University of Wisconsin in Madison. "Wisconsin probably has a lot more to gain through this than any state in the country."

Roger Van Hemelryk of Maplewood Meats said he considers the new food handling standards as another assurance to consumers that the Howard specialty meats company sells high-quality meats, just as a five-star rating shows a restaurant serves top-notch food, he said.

"Quality makes a difference for our customers," he said. "Quality and freshness is the only way to go."

Committee members spent part of Wednesday touring Maplewood Meats and Packerland Packing, and discussing industry concerns with representatives of both companies.

Action on emergency loans expected today

BY THOMAS CONTENT
PRESS-GAZETTE

The Legislature's Joint Finance Committee is expected to act today to enable hog farmers to receive loans to help them after this year's hog price crisis.

If that occurs, banks will be able to make loans to cash-strapped farmers as early as next week.

Under the measure, farmers crippled by the lowest hog prices in decades would have until July

to apply for up to \$50,000 in emergency loans, backed by the Wisconsin Housing and Economic Development Authority.

The move follows a decision last week by Gov. Tommy Thompson to declare a state of emergency for Wisconsin hog farmers.

The Assembly Agriculture Committee was considering a similar measure during a meeting in Green Bay Wednesday but put off its action on the bill after committee Chairman Al Ott, R-Forest

Junction, heard from state Rep. John Gard, R-Peshtigo, that the Joint Finance Committee was planning a special meeting on the issue today.

Hog farmers who do not qualify for commercial loans could borrow up to \$50,000 from the program for three years. Interest would be the prime rate plus 1 percent. The state would guarantee 90 percent of the loans.

Wisconsin has about 4,400 hog farmers.

APPLETON

11/30/17

**Hog producers eligible
for cash assistance**

Hog producers are now eligible to receive cash assistance payments through the Outagamie Farm Service Agency of up to \$5 per hog.

The application period runs from Feb. 1 to Feb. 12 at the Farm Service Agency office at 3369 W. Brewster St., Appleton.

Producers can be paid up to \$5 per slaughter-weight hog times the number of hogs marketed in the last six months of 1998.

Some restrictions apply. Producers must have marketed less than 1,000 hogs from July 1 to Dec. 31, 1998; the maximum payment per operation is \$2,500; and any operation with gross income for 1998 over \$2.5 million is not eligible.



Al Ott

State Representative • 3rd Assembly District

February 5, 1999

Mr. Greg Beck, President & CEO
Equity Cooperative Livestock Sales Association
E10890 Penny Lane
Baraboo, WI 53913

Dear Greg,

Thank you for participating in the Hog Industry hearing on December 17, 1999. I must apologize for the delay in expressing my gratitude for your help in the event. As you know we have all been busy trying to help out in this time of crisis.

A lot has been done in less than two months. The Hog Industry hearing in December allowed us an opportunity to develop a plan of action to meet the crisis head on. Farmers, educators, legislators, agriculture industry professionals, and agency personnel all mobilized to help. In the Legislature, the Agriculture Committee held a hearing and toured meat processors in Green Bay in January. We adjusted the CROP program in WHEDA to provide loans to accommodate the struggling hog farmer. A joint resolution was drafted to send to Wisconsin's congressional delegates urging them to review issues affecting the hog market. We can all be proud of these accomplishments, but we are not done yet!

Once again, thank you for attending the Hog Industry hearing and for all the assistance you have provided in the last few months. We have made a difference through dedication and hard work. Please contact me if you have any additional concerns, questions, or comments.

Sincerely,

Al Ott
State Representative
3rd Assembly District

Price Co. Herald 2-10-99

Relief on the way for Wisconsin's hog farmers

By State Sen. Alice Clausing

MENOMONIE—"The State of Wisconsin is coming to the aid of distressed hog farmers who are suffering from the lowest hog prices in 35 years," said Sen. Alice Clausing, Chair of the Senate Committee on Agriculture, Environmental Resources and Campaign Finance Reform. "The Joint Committee on Finance just passed a \$5 million farm emergency program to guarantee loans up to \$50,000 for Wisconsin's beleaguered family hog farmers."

The emergency loan program will be administered by the Wisconsin Housing and Economic Development Authority (WHEDA). WHEDA will guarantee 90 percent of the emergency loans that farmers secure from farm lending institutions. Loans must be repaid over three years.

In order to qualify, farmers must:

1. Prove that they cannot qualify for traditional loans.
2. Have debts that exceed 40 percent of assets.
3. Prove that assets, cash flow and managerial ability make them a good credit risk.
4. Not have any outstanding child support or maintenance payments.

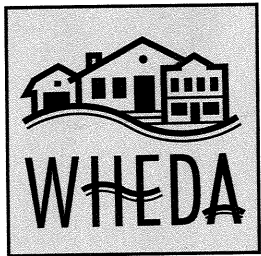
Emergency loans became a necessity as Wisconsin lost over 1,000 hog farming operations over the last year. Hog supplies remain high, but because there are not adequate slaughtering facilities, farmers are not able

to get their animals to market. As a result, hog prices are now 60 percent to 70 percent below prices from a year ago—yielding prices as low as 10 cents per pound. Analysis shows that a hog farmer must average about 40 to 45 cents a pound to break even.

Clausing worked with WHEDA and members of the Joint Finance Committee to ensure the emergency loans would adequately address the needs of Wisconsin's family farming operations. The WHEDA loans are targeted to the average-sized hog farming operations in Wisconsin that may not have access to conventional loans or be able to refinance. WHEDA indicated the biggest hog farms in the state may already have access to commercial loans that would likely disqualify them from participating in the emergency loan program.

"Ensuring the prosperity of our family farm must be a top priority for the legislature," said Clausing. "Assisting our family farms helps our rural communities survive."

Because of swift action by the legislature, emergency loans were to be available beginning Jan. 22. Hog farmers should contact WHEDA via its toll-free number at 800-334-6873 for loan information. For further information about the emergency loans or other farm loan programs, contact Clausing via her toll-free number at 800-862-1092 or via e-mail at sen.clausing@legis.state.wi.us.



Memorandum

WISCONSIN
HOUSING AND
ECONOMIC
DEVELOPMENT
AUTHORITY

TO: MEMBERS OF THE WISCONSIN LEGISLATURE
FROM: FRITZ RUF, EXECUTIVE DIRECTOR
RE: CROP-HOG PROGRAM UPDATE
DATE: MARCH 10, 1999

Tommy G. Thompson
Governor

Edwin J. Zagzebski
Chairman

Fritz Ruf
Executive Director

In January, Governor Thompson and the Joint Committee on Finance approved a \$5 million emergency program to help distressed pork producers in Wisconsin obtain loans of up to \$50,000. As of March 8, WHEDA has made the following loan guarantees under the CROP-HOG Program:

Number of Loan Guarantees	9
Amount of Loan Guarantees	\$368,100
Amount of Loans	\$409,000

201 West Washington Avenue
Suite 700
PO Box 1728
Madison, WI 53701-1728
tel 608/266-7884
fax 608/267-1099

We want to ensure your constituents have access to this program. Please feel free to refer interested pork producers to us directly at 1-800-33-HOUSE (1-800-334-6873).

In addition, participating lenders stand ready to take applications. A complete listing of lenders in your counties who offer the CROP and CROP-HOG Programs is available on WHEDA's internet site at www.wheda.com.

101 West Pleasant Street
Suite 100
Milwaukee, WI 53212-3962
tel 414/227-4039
fax 414/227-4704

Finally, let us know if we can help you spread word of this program in your district. Please call Jim Langdon, WHEDA Executive Assistant, at 266-3529 if we can be of assistance.

Thank you for your support for this program.

www.wheda.state.wi.us
wheda@mail.state.wi.us

WHEDA supports equal
housing opportunities for
all persons



Isn't there something a little creepy about the way the president has turned denial into a psychological ideal?

Maureen Dowd

OPINIO

OUR OPINION

Where should subsidies stop?

Suppose the state's hardware stores bought far too many hammers and nails and couldn't sell them at any price ... would the state provide low-interest loans to bail them out?

Suppose a car dealership ordered 800 Ford Broncos when its managers knew they could move only 200 ... would they would be eligible for state loans, too?

What if the state's egg producers put their hens on overtime and produced more eggs than could possibly be consumed ... would that industry be another candidate for state loans?

Those questions are worth considering as state government considers low-interest loans for Wisconsin hog farmers, most of whom are losing money on every pig they sell.

The plan is to use the state's CROP, or Credit Outreach Program, to subsidize loans of up to \$50,000 at 1 percent interest above the prime rate to struggling hog farmers. Farmers crippled by the lowest hog prices in decades who do not qualify for commercial loans could borrow up to \$50,000 from the program for three years; the state would guarantee 90 percent of the loans.

The Credit Outreach Program, run by the Wisconsin Housing and Economic Development Authority, is a self-financing revolving loan guarantee fund that isn't widely used.

The Assembly is likely to act soon on a bill that would provide \$5 million in loans; Gov. Tommy Thompson has a similar plan to be presented to the Legislature's Joint Finance Committee as an emergency measure.

There is no doubt that Wisconsin's 4,400 hog farmers are suffering, and that market forces beyond their control are contributing to the price plunge.

At the same time, there is a core

The problems facing Wisconsin's hog industry are far greater than state government could possibly correct.

reason why the pork industry is in trouble: overproduction.

When prices were good, farmers in other states went "whole hog," so to speak, in cranking up production. Because of the size of litters and the speed in which the breeding cycle can be repeated, the Three Little Pigs multiplied like there were no wolves in sight.

Today, it's difficult to turn off the reproductive spigot. That's bad news for the hog farmers — but should it be a matter for state intervention?

Good arguments can be made that this is a special case: Most Wisconsin hog farms are small, and can be quickly run out of business. Unlike hammers, nails and Ford Broncos, hogs must be sold at a certain weight or they become less valuable by the pound. Also, CROP already is in existence, so it's not like the state is creating a new program.

The bottom line, however, is that the problems facing Wisconsin's hog industry are far greater than state government could possibly correct.

And state lawmakers, taxpayers and farmers themselves must answer some difficult questions about the role they want government to play in their industry before approving yet another subsidy program for a rapidly changing industry.

Today, hog farmers; tomorrow, hardware store owners, car dealers and egg producers. The line at the state's drive-up bank window could get pretty long.

Parker Pen workers will test market

Business leaders and state officials have been saying since last summer that Wisconsin's low unemployment rate has created a "sellers' market" for skilled workers. For the sake of 300 workers at Janesville's Parker Pen plant, let's hope they are right.

Parker Pen, a 111-year-old company

According to a union spokesman, the workers who will lose their jobs earn an average of \$13 to \$14 per hour. They have skills ranging from tool-and-die making to assembly and packaging, which may be transferable to other jobs.

The No. 1 attribute these employees have, however, is a tradition of good

STATE
OF THE
UNION

STATE OF
CONFUSION

STATE
OF THE
PRESIDENCY

President t

WASHINGTON — The New York Times banned the phrase "split screen" in stories about the surreal day with the president's impeachment defense bumping up against his State of the Union speech.

Oh, yeah, I forgot, the editors also banned "surreal."

These words have been used so often with this president that they have lost all meaning.

But the editors didn't ban the phrase "split personality."


Not since Joanne Woodward vamped it up as Eve and Sally Field atomized Sybil has America been treated to such an entertaining display of schizoidness.

Much has been written about the president's dual — and dueling — personalities. The good Bill who promotes solid American values like V-chips and targeting deadbeat dads, and the bad Bill who cavorts with interns and lies about it. Saturday Night Bill and Sunday Morning Bill.



MAUREEN
DOWD

* WHEOA - CROP money can be used for feed, fertilizer, seed, tillage services, fuel, pesticides, crop insurance & any service or goods to produce the commodity.
 Guarantee Program - Producer goes to lender for loan - WHEOA guarantees the loan
 Pay market interest rates
 4,400 hog operations - Wisconsin

 - CROP Program - \$20,000 - Cap → \$40,000
 WASH Develop. Res. Paid back in 1 yr. / 3 yrs.?

1 Feed
 Spring Planting
 Fall Harvesting -
~~Emergency~~ Emergency

* Gov. declares emergency - funding can be made available

120 sow operation } "farrow to finish"
 45 marketed / week

750,000 head - Market in Feb. - Supplement at \$22/head

Only 50 in state have 2,000 head
 Producers

IC Finance - ~~Emergency~~ Hold emergency only!
 Can't go w/ legislation / must handle quickly